

Social Protection System of the Population of Republic of Kazakhstan: Conditions and Prospects

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Social and economic reforms, which have begun in Kazakhstan, as well as in other CIS countries have influenced on all spheres of society's vital activity and have touched on all layers and groups of the population of republic. Today it is possible to speak about three stages of development of social policy in Kazakhstan

On the first stage (1992-1996) the course on socially focused market economy and decrease in rates of falling of life standards of the population has been proclaimed. Creation of new legislative base concerning social protection of the population has begun and bases for development of social partnership in such prior directions of activity, as employment of the population, a salary payments, social guarantees to citizens and social protection of the most vulnerable groups of the population have been incorporated.

Social support payments for indigents have got address character. The unemployment benefits have been transferred from the category of "grants" to the category of "material aid" paid from the funds of local budgets. In April, 1999 the legislation on benefits to the population has been changed. Benefits given previously were replaced by the social state payments to separate categories of the citizens, using natural benefits. Such policy had allowed not only to spend more rationally

budgetary funds, to supervise execution of the state budget, but to achieve address giving of the social benefits and to providing equal access of citizens to the state social support also.

On the second stage (1997-1999) owing to growth of the economy there were opportunities for carrying out of active social policy. Created strategy of long-term development "Kazakhstan-2030" in which health, education and well-being of Kazakhstan citizens, struggle against poverty and unemployment have been declared as the major strategic tasks. Within the limits of realization of Strategy have been accepted a number of the important social programs, and practical actions on a labor protection, struggle against poverty and unemployment were undertaken. Among them:

- Acceptance of the new legislative and normative legal acts, concerning struggle against poverty and unemployment;
- Pension system reforms;
- Realization of programs of population micro crediting and public works development;
- Assistance to development of small and average business;

Pension reform has begun in 1998. Kazakhstan became a first country in territory of the CIS which has begun systematic transition to stocker system of the population provision by pensions. Simultaneously with reforming, measures on increasing of the pension size, paid in solidary system of pension's provision, were undertaken.

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achieve address giving of the social benefits and to providing equal access of citizens to the state social support also.

On the third stage (since 2000) a lot of important laws and the state programs are being accepted: Laws «On Labor in Republic of Kazakhstan», «About employment of the population in Republic of Kazakhstan», the Program on reduction of poverty for 2003-2005. Positive dynamics of growth on expenditures of the state budget on social programs is observed.

Table 1. Expenditures of republican and local budgets of RK on the social aid and social security for 1996-2006.

(Millions tenge)

Year s	State Budge t	Funding social protection		Re- publi- can budget	Funding social pro- tection		Local budg- ets	Fund- ing social protec tion	
		sum	%		Sum	%		sum	%
1996	280001	9212	3,2	196000	6860	3,5	84001	2352	2,8
1997	341871	13674	4,1	222216	7333,1	3,3	119655	6340,9	3,4
1998	377397	53618	14,2	266022	8797	3,3	156016	44821	2,9
1999	468423	159064	33,9	328573	140759	42,8	214974	18305	8,5
2000	602024	171065	28,4	396609	151033	38,1	303809	20032	6,6
2001	759610	186715	24,6	502490	156110	31,1	394054	30605	7,8
2002	834165	201415	24,1	541631	165389	30,5	394475	36026	9,1
2003	1026992	239230	23,3	773893	202043	26,1	479992	40145	8,3
2004	1287938	272333	21,2	995620	232998	23,4	622064	40039	6,4

2005	19461 46	345356	17,7	1537 676	3147 10	20, 5	78348 3	34140	4,3
2006	21505 60	422423	19,6	1686 342	3902 09	23, 1	17603 51	42214	4,1

*Source: [1. C.20-21, 2. C.11-13].

Stable economic growth has expanded financial opportunities of the state for an increase of expenditures on social needs. Last years is observed positive dynamics of expenditures growth of republican and local budgets on social programs.

In 2001 the Concept of social protection of population of Republic of Kazakhstan is accepted.

Acceptance of Conception of Public Social Security considered development the following components of social security of population:

- governmental payments from the budget for all citizens of the republic on the same level depending on social risks;
- mandatory social insurance (on the first step-in account of deduction of employers, in perspective in account of employees);
- accumulated pension system;
- social assistance and social state programs of support of definite category of citizens in account of budget facilities.

Accumulated pension system is improving. The amount of solidarity pension is increasing. From the 1st of January 2003 the amount of solidarity pension are increased on 12 %with account of forestalling temp of index growth of consuming prices.

Table 1- Social benefit receivers for 1996-2006 (thousand persons)

Point er	Pen- sioners	Eco- nomi- cally active popula- tion	Number of popu- lation	Receiv- ers of State social assis- tance	Spe- cific weight of pen- sion-	Spe- cific weight of eco- nomi-	Spe- cific weight of re- ceivers of
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					ers, %	cally active popu- lation, %	State social assis- tance, %
1996	2771,1	7489,5	14756,3	739,2	18,1	50,7	5,1
1997	2670,4	7440,1	14658,1	735,7	18,2	50,7	5,0
1998	1985,8	7052,6	14812,0	744,8	13,4	47,6	5,01
1999	1877,6	7055,4	14900,3	755,2	12,6	47,4	5,02
2000	1786,8	7107,4	14901,6	760,3	11,9	47,7	5,1
2001	1749,1	7479,1	14865,6	792,3	11,7	50,3	5,4
2002	1690,5	7399,7	14862,5	792,3	11,3	49,8	5,3
2003	1660	7657,3	14951,2	791,7	11,1	51,2	5,3
2004	1640,7	7840,6	15074,8	780,4	10,8	52,0	5,2
2005	1649,5	7901,7	15074,8	790,4	10,9	52,4	5,2
2006	1650,1	7908,3	15394,6	791,2	10,7	51,3	5,1

The specific gravity of pensioners in common amount of population is decreasing, the specific gravity of governmental benefit receivers remains on the level of 5 %. From the 1st of June 2003 is implementing the differentiated increasing of amount of pension payments depending on pensioners' labor contribution at simultaneous increasing of minimal pension from 5000 tg to 5500 tg. Increased pensions received more than 60 % from the whole amount of pensioners.

For stability of pension system are offered some measures, especially to expand the range of population by the services of accumulated pension system in account of development of transfer-agency activity in the market of pension services, disposal errors in system, appeared during optimization of pension accounts, effective use of opportunities of electronic data base. Also is need to do phased entrance of taxable preferences on payments in account of voluntary professional pension dues, to transfer voluntary professional pension dues into obligatory for branches with more harmful and dangerous labor con-

dition. Entrance of obligatory professional pension dues, it can be done in account of own employer facilities-by relating the expenses of pension dues on cost price of product and their deductions at calculation of corporate income tax. In this case increases not only pension accumulation of employees, but also it becomes economically profitable of labor condition improving.

With the purpose of creation three-leveled system of social security of the population of the republic in April 2003 the following legislation “about mandatory social insurance” was accepted and from the 1st January 2005 the system of mandatory social insurance in following types of social risks: lost of working ability, lost of bread-winner and job is functioning.

Financing the system of social insurance is implemented in account of rate decreasing in social taxes until 3% and entrance of mandatory insurance deductions in amount of 3% from the income of employee. Moreover insurance payments on the first stage employers will bring. Personification of deductions on social insurance will increase motivation of employee to control the process of money transfer. Introduction of personification account of deductions on social insurance is one of the main conditions of reformation of social security system.

Addressed social assistance in the republic of Kazakhstan is executed in accordance with the Law “of state addressed social assistance” introduced in act from 1st of January 2002. The given law defined the circle of persons, having the right to receive state support in case of absence of income or low income. A criterion of rendering of addressed social assistance is the “poverty”. The poverty in accordance with the Law “about living wage” serves as criteria for rendering of social assistance. It is defined in the Law as a border of income, established in the republic depending on economic opportunities. In 2000 and 2001 poverty had been establishing on the level of 30% from the living wage, on 2002 and 2003 – 40% from living wage. For receiving addressed social assistance persons with working ability age must been

registered in empowered bodies as unemployed. In connection with realization of the Law firstly for many years with the help of mechanism of addressed social assistance the “legalization” of unemployed people is happened.

In a structure of receivers of addressed social assistance on the 1st of January 2007 the most amounts are children – 60.3 %, unemployed- 14.3%, persons busy by children care- 11.9%, working- 4.95%, invalids and pensioners – 2.8%, students-1.7%, self occupied-3% and other categories- 1.1%.

Equally with addressed social assistance housing assistance is paid, which is directed on offering material support for needy citizens for the compensations of expenses on housing-communal services and done in order with definite local executive organs.

Basic directions of development of social security system are based on the analyzes of international experience and modern conditions.

Nowadays social security system of the population of Kazakhstan is mixed and includes elements as in sympathy with, so personification system, as mandatory, also voluntary insurance and directed for provision of social security of the population from main risks, which person can face with during his life.

Guaranteed by state the level of social security is realized on the base of three-leveled level social security system.

Base social payments by old age; by invalidity; by lost of bread-winner are defined on the base of living wage and must provide its receivers the minimum level of support.

The second level of social support given for mandatory accumulated pension provision and mandatory social insurance.

The third level of social support is connected with development of schemes of voluntary social insurance, by formation of voluntary pension accumulations, insurance of responsibility of employer for bring-

ing harm to life and health of employee at executing by himself working obligations.

In comparison with the system of social support, acting in Kazakhstan until the last period, transfer into multi-level system of social support has the following privileges:

- 1) additional levels of social security of employees of official economy sector are created;
- 2) to the social support, equally with budget, additional financing resources are attracted;
- 3) conditions for increasing personal responsibilities of citizens able to work for their own future and wealth of their family are created. Dependence on social payments from working activity of each, amounts and continuation of deductions enforce the fair character of social support system.
- 4) Multi-level system of social support influences positively on economic development, as such productive business in formal sector and legalization of working relations becomes beneficial.

In purposes of development of accumulated pension system in 2006 was conducted work in optimization of administrative payment system in accumulated pension system:

- payment procedure of mandatory pension dues is simplified;
- conditions, permitting to investor to realize the right of independently choosing of accumulated pension fund are created;
- on the base of "GCVP" united account center is created, where concentrated all information and cash flows of accumulated pension system.

Of investors, the number of which is 7 mln against 8.5 mln on the data base of accumulated funds. Nowadays in joint with pension funds the work is performing on removing 1.5 mln of doubled, tripled pension agreements.

Work on expansion of range by system of mandatory social insurance is done, consequently at the end of 2006 the amount of participants of

mandatory social insurance system, for which even if once in time were paid social deductions in Fund, composes 4.5 mln people.

Social payments on loss of working ability, of bread-winner and job from the state fund of social insurance in 2006 received 9.5 thousand people.

From 2006 living wage legislatively attached by social normative base, which is used for establishing minimum amount of monthly income payment, base social payments and poverty.

On date of statistic Agency of the RK, volume of PM in 2006 was 8410 tg.

Half of population, having income below living wage decreased in third quarter of 2006 was 17.7% against 31.0% for analogical period in 2005.

In overcoming the poverty the special meaning has addressed social assistance. General expenses on rendering of addressed social assistance from the moment of its introduction (from 2002), was more than 3 billion tg. During 2006 addressed social assistance received more than 339000 persons on the sum of 3.4 billion tg.

Payments of extraordinary compensations are done for the persons, harmed from mass political repressions, nuclear testing on Semipalatinsk trial nuclear polygon.

Measures in expansion the net of medico-social institutions and improving of their financing are accepted. The net of boarding-school of less capacity (till 50 places) for old age people and disables, approximate to their living place are developing in oblasts.

Carries on the work in introduction of regulation system by labor security (MOT-SUOT 2001) and the standard OHSAS 18001: 1999 recommended by an International organization labor into Kazakhstan enterprises.

The following problems can be remarked:

- the amount of pension is increasing by phases, however in purpose of approaching their amount to the world standards are required accepting of further measures in problems at one with and base pensions.
- Are saved non-high level of pension asset income, insufficient temp development of voluntary pension accumulations, low level of informing the population about accumulative pension system and importance of conducting reforms.
- Is remarked low range of population by pension system. From 7 mln investors only 5 mln are the active investors. Such situation took place in mandatory social insurance. For instance, the range of insurance system in Almaty oblast is 65%, South-Kazakhstan -70.1%. Zhambyl -80.1% and Kyzylorda -84%.
- In consequence of insufficient attention from the side of employers in provision of safe working conditions in comparison with 2005 on 18% increased the quantity of injured with death outcome. Their most amount is on mining-metallurgic industry and construction (53%). Given problems is necessary to solve in the frame of social partnership and increasing of social responsibility of an employer.
- In a labor market are saved inflow of low qualified foreign labor force, difficulties in employment of separate population group, tendency of exceeding the labor force supply over demand, training and retraining of personnel does not correspond with real economy requirements. This problem becoming more difficult in a background of Kazakhstan entrance into WTO. Appears the necessity in solution of following problems.
In sphere of pension security:
- with account of possessed financial-economic opportunities and necessity in following to international principals of pension system, envisaging the establishment of income appointment percent not less than 40% must be entered offers of improving the level of pension payments.

- It is necessary to expand the range of population with the services of accumulated pension system and social insurance, to enter additional financial instruments.
- For provision of sufficiency of pension accumulations, equally with increasing the level of labor payment, it is necessary to enforce mechanism of employer participation in formation of additional level of pension accumulations.
- Development of voluntary pension accumulation scheme supposed to implement on a base of social partnership development and increasing of social business responsibility.
- In purpose of choice opportunity expansion for investors of APF and increasing of investment income is viewed as possible introduction of different pension plans.
- Measures lay ahead to accept in further improving the system of pension payments from APF and stimulating of annuity insurance.

In sphere of employment:

- it is necessary to expand business participation in creation of new working places, also for socially vulnerable population group and provision of employment of disable persons.
- To revise approaches and forms of work with unemployed youth and women, also independently employed population.
- To accept measures in formation of mechanisms, directed on protection of internal labor market and attraction into republic especially only high qualified foreign specialists.

In sphere of working relations:

- to realize the National program of deserved labor in the Republic of Kazakhstan on 2007-2009, accepted in joint with International Labor Organization and social partners of the Republic of Kazakhstan, the main task of which is to provide the legislative support for deserved labor and to increase the life quality of Kazakhstan citizens

- conduction of scientific-investigatory works on actual problems and labor protection, at first, in industrial sphere with high level of professional risk-coal and mining industry, in construction and agricultural complex.
- With the purpose of provision of work condition security in organizations should to continue the work in introduction of international standards by the system of labor security regulation.
- To continue the work in improving the system of employee labor payment of the budget sphere.

By our view, in purpose of developing the social security system of population of the Republic of Kazakhstan normative of social support and social serving should be improved, also living wage, of minimum income payment and minimal pension, which will permit to increase the life condition of population.

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